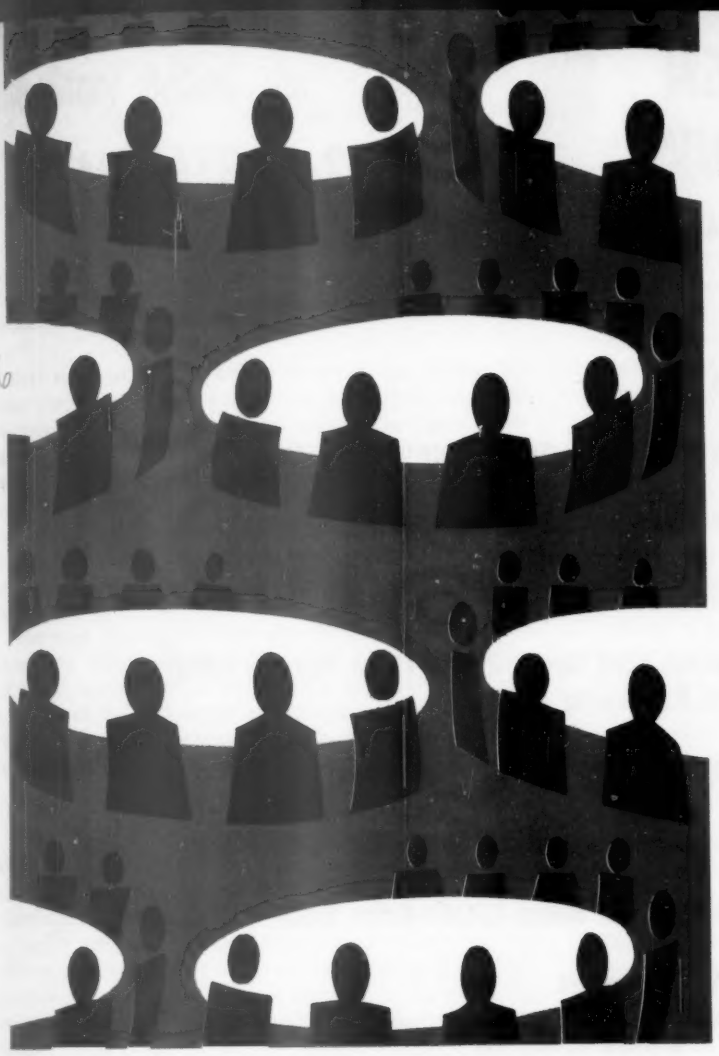

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THE STALEMATE IN SOVIET AGRICULTURE

TRADE AND DEVELOPMENT CONFERENCE OF THE U.N.

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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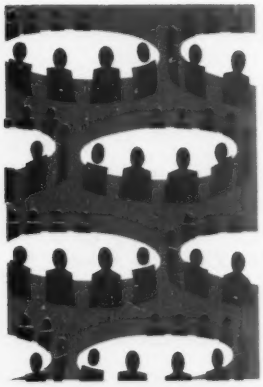

Discussions and negotiations on problems of world trade will preoccupy all the U.N. Members during 1964. The stories on pages 4 and 5 give perspective on two of the conferences coming up.

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The Story Behind the STALEMATE IN SOVIET AGRICULTURE

DEPOSITED BY THE
UNITED STATES OF AMERICA

By HARRY E. WALTERS
Regional Analysis Division
Economic Research Service

Ever since last fall, when the Soviet Union for the first time bought immense quantities of grain from the West, the world has speculated about causes. The immediately obvious reason was the Soviet agricultural failure of 1963. By itself, however, one poor harvest does not explain the tightening of the bread supply, the massive imports of wheat replacing large exports, or the precipitous decline in hog numbers. Still less does it explain the current discussions of costly new programs to overcome basic agricultural difficulties.

The crop disaster of 1963 was, in fact, a symptom of these very difficulties, as well as a sign of the vulnerability of Soviet agriculture to the hazards of weather. Despite a decade of major changes in farm policy since the death of Stalin in 1953, agriculture in the Soviet Union is still confronted by fundamental problems.

Failure in 1963; prospects for 1964

The year 1963 will stand as one of the worst in the history of Soviet agriculture. Grain production, especially that of wheat, dropped by some 25 percent. Hog numbers plummeted by more than 40 percent. The effect was immediately felt in a curtailed bread supply—especially significant in the Soviet Union, where the average diet depends heavily upon bread. For the rest of the world, the most conspicuous result was, of course, the shift of the Soviet Union from one of the world's leading grain exporters (between 5 million and 7 million tons annually) to the world's largest grain importer (something over 10 million metric tons of wheat being bought from the West to date).

The crucial question at this point is how the effects of 1963 will be worsened or alleviated by conditions in 1964.

The greatest crop losses in 1963 came in grains, particularly wheat. The crop outlook for grains depends partly on conditions for fall-sown crops in European Russia, especially in the Ukraine, the North Caucasus, and the Central Black Soil Zone. Even more important are the spring-sown crops, primarily the spring wheat sown in the New Lands, east of the Urals. Winter grain provides about a third of the total wheat crop; spring wheat, about two-thirds.

For fall-sown crops, precipitation in the Ukraine has been lighter this season than last, while in the North Caucasus and the Central Black Soil Zone it is about the same as last year. However, temperatures throughout European Russia, although below average, are by no means as low as they were a year ago, and winter kill should not be as extensive this winter as last, when some 12 million acres were lost.

About 110 million acres were planted to grains last fall, a substantial increase over last year and previous years. In addition, for the first time in the history of Soviet agriculture, almost half of the mineral fertilizer available this year is being applied to grain crops. Thus, the overall outlook appears to be for a winter grain crop somewhat better, though still not particularly good.

For spring-sown crops, weather conditions this winter in the New Lands—1963's major area of crop failure—are greatly improved over last year. Temperatures have been much above average; precipitation, much higher than in recent years, especially last year. In some areas of the New Lands, it has been 10 times normal. As a consequence, soil moisture reserves are a good deal higher. Fall plowing was carried out on 280 million acres, considerably more than last year and previous years.

These conditions argue for a considerably improved crop of spring grains. But farming in the New Lands is hazardous at best, and a late spring, a summer drought, or an early fall—singly or in combination—could have disastrous effects on the spring wheat crop and hence on the total Soviet grain crop. At this time, however, a repetition of last year's crop failure seems unlikely.

The total 1964 grain crop, therefore, should at least in part alleviate some of the worst effects of 1963. Yet the direct impact of the 1963 failure on the bread supply, on imports of wheat, and on livestock numbers indicates that the USSR had little or no margin to fall back on. Thus, an average crop in 1964 will not markedly improve conditions, and anything less could seriously worsen them. The livestock industry cannot hope to recover quickly from the 1963 disaster. Milk and egg production have already declined, and a slump in meat production, especially pork, can be foreseen in 1964.

Unresolved problems

Important as these facts are in themselves, they take on much greater meaning in the context of the past decade. Between 1953 and 1963 unprecedented changes took place in Soviet agricultural policy and production. Taken together, these changes rank with the agricultural policies accompanying the Revolution of 1917 and with the collectivization drive of the early 1930's as major turning points in Soviet agriculture.

When Stalin died in 1953 he left the Soviet Union with a much enlarged industrial and military structure, but with an agriculture little more productive than in 1913. Yet agriculture was carrying a heavier load in terms of people to feed—especially urban—and of industry to supply with raw materials; and it was doing so within an oppressive institutional framework. Chairman Nikita Khrushchev revealed a few weeks ago that Russians actually starved in the late 1940's.

Khrushchev's policy during the past decade has been to drag agriculture out of the doldrums it had languished in during previous decades. From 1953 to 1958 his programs—the sowing of vast areas in the New Lands, the forced expansion of corn, higher prices for agricultural

(Continued on page 16)

The U.N. CONFERENCE on TRADE and DEVELOPMENT

The U.N. meeting that opens in Geneva this week centers on trade, not as an end in itself but as an instrument in economic development.

(Extracts from an address by G. Griffith Johnson, Assistant Secretary of State for Economic Affairs, to the Cincinnati Council on World Affairs in cooperation with the University of Cincinnati and Xavier University, on February 21, 1964.)

. . . The year 1964 will be a year of emphasis on trade. This is an area in which the leadership of the United States has been exercised in an effective way for many years, beginning with the first Reciprocal Trade Agreements Act in 1934. . . .

We are now on the threshold of two new trade initiatives which will further test U.S. leadership in the world economy. . . . The Kennedy Round of trade negotiations, to begin formally in May, will be the most ambitious set of negotiations ever undertaken for the reduction of tariffs and other barriers to trade. Beginning in March the United Nations will hold a Conference on Trade and Development. . . .

Reasons for the conference

. . . The less developed countries feel strongly that their trade problems go beyond the areas covered by the GATT negotiations and will not be effectively dealt with there—that the existing structure of trading relationships is itself seriously deficient from their standpoint. It is for this reason that they have taken the initiative in convening the U.N. conference. . . .

Major topics for discussion

Since the Conference will last 12 weeks, from March 23 to June 15, there will be much talk on a wide range of problems, but at this stage it appears that the emphasis will almost surely be placed on five major areas.

First, what can be done to improve the earnings of the less developed countries from their exports of primary commodities, which now constitute the bulk of their trade? The proposals which will be discussed in this context will include the use of commodity agreements to support prices, various plans for guaranteeing markets, and schemes for directly compensating the less developed countries for declines in their terms of trade. . . .

Second, how can the less developed countries increase their earnings from exports of manufactured and processed goods? The outlook for a future increase in earnings from exports of primary products is at best limited. Trade in manufactured and processed goods is the dynamic part of the world economy, and it is here that the less developed countries must look increasingly for a growth in their export earnings. A principal subject to be discussed at the Conference will be the possible grant of special preferences in the markets of developed countries for exports of manufactured products from the less developed countries. . . .

Third, how can the countries of the Soviet Bloc—the so-called "state trading" countries—be brought more fully into the world trading pattern in a way which will maximize the bargaining power of the less developed countries when dealing with them? One of the principal participants in the Conference will be the Soviet Union. . . . Soviet hopes for the Conference differ from ours. They have looked upon this Conference as an opportunity to support their general strategy in less developed areas, and as a forum in which they could try to undermine Western influence and prestige by emphasizing the so-called weaknesses of our system as compared with theirs and the deficiencies in our trading relationships with the rest of the world.

However, it does not appear that the less developed countries, who form the vast majority of the Conference, are going to be prepared to see the Conference diverted in this direction. Their interests will be in putting pressure on state-trading countries to improve the terms and conditions of this trade. . . .

A *fourth* major issue will be whether aid is now given to the less developed countries in a way and under terms which are the most satisfactory and desirable. Important questions of the relationship between aid and trade programs will be examined, together with the difficulties arising in many cases from the growing burden of servicing charges on debts. . . .

Finally, the Conference will deal with the institutions and organizations which now function in the related trade and aid fields. . . . The Conference is likely to seek some technique whereby all aspects of trade and development, particularly as they relate to the problems of the less developed countries, can be viewed as a whole in a worldwide forum, and thus there is likely to be some reorganization of existing U.N. machinery. . . .

Size of the financial problem

. . . Under the development decade of the United Nations, it has been agreed that a minimum rate of growth of the gross national product of the less developed countries should be 5 percent a year, which in turn would permit a per capita increase of about half that much. This rate of growth carries with it certain foreign exchange implications—for example, that requirements for imports of industrial machinery will grow and that in consequence exports and capital movements together must grow sufficiently to provide the necessary foreign exchange to finance their requirements. The less developed countries, therefore, visualize the difference between what their foreign exchange requirements will be (to achieve their development plans), and what they believe their foreign exchange availabilities will be, as a financial "gap" which must somehow or other be bridged if the development goals are to be reached.

There has been an effort to estimate what this gap might be in 1970. Out of this effort has come a figure of $20 billion as the deficit that will be facing the less developed countries in that year. Obviously a projection of this type cannot furnish a basis for developing a specific series of actions. . . .

As a symbol, however, the projection is significant. It reflects a problem for which we have not yet found solu-

tions and one that is likely to become more difficult with the passage of time. . . .

At the same time, we must recognize that the external trading environment of the developing countries is only part of the problem. . . . The less developed countries have talked about the need to reduce the disparities in individual incomes in the richer and poorer countries; it is also important to reduce the disparities within the less developed countries in order to develop the domestic markets without which sound industrialization is not possible. The less developed countries have talked about the need for restructuring all world trade in order to give them a greater role; but they must also act to restructure their own domestic economies so that they have the basis on which this greater role can be exercised. The less developed countries have cited the importance to them of improving the terms of trade in the relationships between their exports and their imports; but perhaps even more urgent is the need to improve the interchange between the rural and urban areas within their own domestic economies.

How we can best help

There is a further matter of the greatest importance, . . . namely, the role of private investment. . . . Developing countries are asking for our cooperation and aid in their economic development. . . . But they must at the same time recognize that the way we can do this most effectively is through the flow of private investment. This is the main way our own development has occurred and continues to occur. There are obviously important areas where direct government financial assistance is productive and necessary. It is, however, a fair question to ask of any less developed country which seeks our cooperation in a development program: How can we do this fully and effectively with one hand tied behind our back—when the policies of the particular country may preclude or discourage the use of the instrument which we know best how to use?

Using domestic resources

Equally important is the need to generate and take full advantage of private capital resources within the developing country itself. Many of the same policies which impede the inflow of foreign capital have a similarly depressing effect on domestic investment, a reason which has been brought sharply home by the experience in certain countries in recent years.

. . . In general, an industry cannot successfully sell abroad until it has an extensive market at home and can produce efficiently for that market. The ability to stabilize the price of a primary commodity cannot be divorced from the ability to prevent over-supply of that commodity, by direct measures in the short run and by effective diversification in the long run. The ability to improve technical know-how in a less developed country cannot be divorced from the ability to attract private foreign know-how.

. . . Even if we agree that there are no panaceas, even as we recognize that the less developed countries have responsibilities of their own, the fact remains that success in the development task depends also on the policies and on the generosity and wisdom of the advanced countries. . .

The United States Government, therefore, views the Conference as a sober and serious effort to reexamine the development problem from the perspective of the international trading world.

World Trade Highlighted at GATT and United Nations Meetings

Two international trade conferences meet in Geneva this spring—both expected to influence world trade patterns, both representing many countries, and both of vital interest to the United States. In approach to world trading problems, however, the two differ importantly.

The earlier of the two, the March 23-April 15 United Nations Conference on Trade and Development (UNCTAD) is the first of its type convened by the U.N. Representatives from over 100 countries will explore some of the fundamental trade problems facing the less developed nations of the world—in particular, this question: How can these nations participate more fully in world trade?

The other conference, opening in Geneva in May, is the sixth round of negotiations—sometimes referred to as the "Kennedy Round"—under the General Agreement on Tariffs and Trade (GATT). The rounds are a regular exchange of tariff concessions between the 61 GATT Contracting Parties. The world's more developed nations usually play a major role at these sessions.

The United States has a big stake in the coming GATT round, for the continued access of many U.S. farm products to world markets, particularly the six-nation European Economic Community, will be determined by these negotiations. The EEC is progressively shifting from the tariff schedules of its individual members to a common external tariff, and devising a farm policy common to the six. These changes make tariff renegotiations necessary on many products the United States ships to EEC countries.

The GATT is the most important world trade body today. Members have agreed to adhere to certain rules of international trade, including the establishment of import duties as the only legitimate trade barriers, the acceptance of the principle of negotiated tariff reductions, and the application of the most-favored-nation clause, under which reductions granted to one member apply to all others.

Many less developed countries are members of GATT—in fact, they now constitute two-thirds of its membership. They stand to benefit from the Kennedy Round, for the industrialized GATT nations have agreed to include the products of the less developed ones in the tariff cutting sessions, without asking for equivalent reciprocal concessions.

Nevertheless, the less developed countries feel that their trade problems require separate discussion and treatment. The agenda for the U.N. Conference on Trade and Development centers around the need of these countries for foreign exchange and their possibilities for securing it.

The cooperation of all industrialized countries is essential in finding answers to this problem. For this reason, and also in accordance with its policy of helping other nations help themselves, the United States will be actively participating in UNCTAD.

Japanese Wheat Imports Spiraling to New High With Takings from U.S. Showing Biggest Gain

As a result of a poor domestic wheat outturn last year, Japan has had to greatly increase its wheat imports for the current fiscal year. Main country to benefit from this rise is the United States, whose wheat shipments to Japan in fiscal 1964 are estimated at 1.8 million metric tons—113 percent above fiscal 1963's 882,523 tons. In comparison, Japan's total imports for fiscal 1964 are forecast to increase only 41 percent to approximately 3.5 million tons from 2,393,127.

Through the first half of this fiscal year, Japanese purchases of wheat totaled 1,828,447 metric tons, almost double those in the same period of fiscal 1963. Of this total, 965,000 tons came from the United States.

The biggest gain in Japanese wheat purchases will be in food wheat—expected to increase to 2,749,000 metric tons from 1,679,478 in fiscal 1963. The United States will supply approximately 1,550,000 metric tons of this—about 56 percent of the total and 109 percent more than last year's. Purchases from Canada—the other big source for Japanese food wheat—will amount to about 1,094,000 metric tons, a gain of 25 percent.

Japanese purchases of feed wheat are not likely to climb as much—only about 14 percent to 810,000 metric tons. However, takings from the United States are expected to show an impressive 100-percent gain, to 275,050 metric tons from 139,900. Canada's share in fiscal 1964 will be down 27 percent to 191,500 tons and Australia's, up 10 percent to 343,698.

This year's increase is only temporary, as the Japanese Food Agency's forecast for Japanese fiscal year 1964 (April 1964-March 1965) predicts that imports will drop to 3,190,000 metric tons—about 4 percent below those in the previous Japanese fiscal year. In turn, purchases of domestic wheat by the Japanese Food Agency will rise about 150 percent to 900,000 metric tons, as domestic production moves upward.

Although the planted area of wheat in Japan is expected to decline again in 1964, production is forecast at 1.4 million metric tons—almost double the 1963 low of 715,500. Thus far, the chances of this figure being realized look good, as weather conditions have been favorable, with plenty of moisture and mild temperatures.

According to the government's wheat import plan, a 1-percent increase in Japanese food utilization is likely in 1964; however, the use for feed will probably decline about 3 percent because of an expected rise in the use of other feed grains.

U.S. Honey Exports Reflect General Rise in World Trade

Man's fondness for honey has enabled this natural sweet to hold a small but secure place in world trade. In the past decade, this partiality has expressed itself in bigger sales on the international market.

Exports of U.S. honey reflect the general trend, and in 1963, an estimated 25 million pounds, 84 percent above the 1962 figure, were shipped abroad. Although not a record, the 1963 figure was the highest since 1953.

The United States regained its position as a net exporter of honey in 1962—that year, exports started to outweigh imports. Actually, imports have been decreasing steadily since 1960, and while the United States still receives some honey from abroad, the amount purchased in 1963 was only 2.6 million pounds—down 63 percent from the 1962 level and nearly 80 percent less than the 1960 high. Mexico remained the leading supplier.

A substantial increase in U.S. honey production roughly parallels the decline in imports. Of the nearly 580 million pounds of honey estimated to have been collected by 10 leading world producers in 1963, U.S. bees yielded about half, or approximately 290 million—an alltime record.

World production has been on the rise since the mid-1950's. Output of the 10 ranking producers was 5½ percent higher in 1963 than it was in 1962. After the United States, Mexico, Australia, Canada, Argentina, France, Spain, and West Germany supply most of the world's output. Production is especially on the upswing in a number of Latin American countries, as honey's value in the export trade is being more fully realized.

The nations of Europe buy most of the world's honey and several, such as West Germany and France, occupy a dual role—they are major importers as well as major producers. In terms of U.S. exports, West Germany buys the largest portion—usually about 50 percent of the annual total. In 1962 and 1963 France stepped up its purchases—and now accounts for about 25 percent of the total. Canada and the Netherlands are other big buyers.

Exhibits of U.S. honey at European trade fairs helped boost these sales.

—ROBERT M. MCCONNELL
Sugar and Tropical Products Division

Trinidad May Buy Less U.S. Poultry, More Feeds

Because of its rapidly expanding domestic poultry industry, Trinidad will probably decrease its imports of frozen poultry from the United States while increasing those of mixed feed. In 1962, the United States shipped $1.6 million worth, or 5.9 million pounds, of frozen poultry and $1.3 million worth of mixed feed to Trinidad.

Giving impetus to Trinidad's poultry industry is a new large-scale poultry processing plant, built by an American firm. The installation—a modern production-line operation utilizing U.S.-made specialized machinery and British-made general-purpose items—is in central Trinidad. Before its establishment, the domestic industry was limited to some 5 feed mills, 6 hatcheries, and 200 poultry farmers.

An effective distribution channel for the plant's output is assured through a supermarket chain, controlled by the owners, who introduced supermarket-type merchandising into Trinidad. They also have been marketing most of the frozen poultry imported from the United States.

It seems likely that other poultry processing plants will be established to supply domestic needs, and that demand for U.S. feedstuffs will continue to rise. Also, the government is expected to introduce measures—probably restrictions on the issuance of import licenses—to protect local producers who, because of the high cost of imported grain, cannot sell their poultry at the current low price of imports.

Recent USDA Publications

New Foreign Agricultural Service publications cover such topics as rapidly developing Western European outlets for U.S. soybeans and meal, output of cotton in Central America, and citrus production in Oceania. These are available without charge from FAS, U.S. Department of Agriculture, Washington, D.C. 20250.

Western Europe: A Growing Market for U.S. Soybeans and Soybean Meal. Study contains country-by-country analysis of Western Europe, which in 10 years has developed from a small irregular market for U.S. soybeans and meal to a $300-million-a-year importer. Chief impetus comes from the growth of the livestock industries, which use soybeans for mixed feed. The European oilseed crushing industry is developing rapidly. FAS-M-153.

Cotton Production in Central America. This five-country report, developed on the spot, shows cotton output at 16 times the level of 12 years ago. Less than 10 percent is used domestically, and the area is becoming the major competitor in world markets. National average yields up to over 700 pounds per acre are among the world's highest for non-irrigated cotton. FAS-M-154.

Australia and New Zealand: Citrus Producers and Markets in the Southern Hemisphere. Citrus production is rising throughout the area, with Australia and Cook Islands exporting to New Zealand. Fruit output in Cook Islands, spurred by an official plan, is developing rapidly, with exports increasing from 61,000 boxes in 1956 to 94,000 in 1960. FAR No. 124.

Winter Citrus Prospects. The production and trading outlook in winter citrus and citrus products for the United States and 11 major world growers and exporters are featured in this FAS Circular, FCF 1-64.

Agricultural Statistics, 1963. A summary of agricultural statistics is compiled and issued every year by the USDA for those interested in tracing trends in agricultural production, trade, farm income and costs, prices, food consumption, and other aspects of the overall U.S. farm economy. Included are tables on world crops and foreign trade. The book is available for $1.75 from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20401.

USDA Specialist Studies Poland's Cotton Needs

Mr. Schilling (right) examines cotton in warehouse.

"First of May" mill, Lodz; outside and inside.

Poland's 100-year-old cotton textile industry is centered in Lodz, and there FAS Cotton Specialist Guy A. W. Schilling visited late last year to discuss its operations and its raw cotton requirements. In 1963, imports of U.S. cotton (nearly half for dollars) accounted for 101,000 bales, or 18 percent of the 550,000-bale total. Poland has just signed two Title I, P.L. 480 agreements totaling 74,000 bales.

USDA's First Exhibit at New Milan Trade Center To Be Feature of Italian Samples Fair in April

U.S. agriculture's first show at the new U.S. Trade Center in Milan, Italy, will be held April 12-25 as a part of Milan's 42d International Samples Fair, one of the biggest trade fairs in Europe.

The Milan Trade Center—which began operations in late January—is strategically located in the Agricultural Pavilion of the Milan Fair Grounds, where the International Fair has been held annually since 1920, except during the war years.

U.S. commodity groups exhibiting

At this initial show, five of the seven U.S. cooperating groups which carry on market development in Italy will exhibit agricultural products. Each participant will have a large booth in the 6,500-square-foot exhibit area on the first floor of the Center.

Dairy Society International will feature a complete milk recombining plant in operation. Visitors may buy homogenized milk and ice cream made on the spot, as well as milk beverages and instant nonfat dry milk. Cheese and butter will be displayed. A representative of DSI will be on hand to distribute samples and answer trade queries. Aim of DSI's exhibit is to stimulate interest in dairy products among Italian consumers, whose consumption is among the lowest of the countries in Western Europe.

The Institute of American Poultry Industries will display canned and frozen poultry, with emphasis on demonstrating the wholesomeness of U.S. poultry parts, on which Italy imposes import restrictions as part of its disease control program.

In addition, a demonstration kitchen will prepare and serve chicken broth, fried and barbecued poultry parts, and turkey sandwiches. IAPI will push turkey to consumers instead of institutions, main target of past promotions. A growing market, Italy took 1.9 million pounds of U.S. poultry in 1963—mostly turkey—compared with 784,000 the previous year.

The Soybean Council of America will promote soybean oil to consumers. A representative from the SBC's Rome office will supervise the demonstration kitchen which will prepare and offer samples of french fried potatoes cooked in soybean oil. Visitors may buy small cans of soybean oil.

Tallow and feeds

National Renderers' will promote fat in feed rations, particularly for poultry, through samples, brochures, and displays of mixing equipment utilizing tallow. A feed technician will man the exhibit. Though tallow in feed is relatively new to Italy, the country last year ranked fourth among world buyers of U.S. tallow.

The U.S. Feed Grains Council will push all types of feed grains in Milan, center of Italy's grain trade. In addition, a feed technician will explain the advantages of feed-lot feeding, which will be demonstrated by a plastic model of a modern feed-lot.

Tradespeople only

On April 14, 17, and 21, the Milan Fair Grounds will be opened solely to businessmen. At this time, the U.S. participants will hold special receptions for buyers and importers in the Trade Center Lounge.

Last year, some 4.3 million visitors came to the Milan Fair to see industrial and agricultural products of more than 14,000 exhibitors from 84 countries. The U.S. Trade Center is the only non-Italian year-round exhibit area at the Milan Fair Grounds.

Sandwich Competition in West Pakistan Draws Wide Interest

Indicative of the interest aroused by the All West Pakistan Sandwich Contest—in which high school girls in seven West Pakistani cities have been competing in sandwich preparation for the past month—is a cartoon which appeared recently in a Lahore newspaper during Ramazan, the Moslem month of fasting.

The subject of the cartoon—who is shown eating a sandwich from a plateful in front of him—says: "I am not breaking my fast, I am merely in training for the Sandwich Contest!"

Regional winners of the Contest—being carried on for the third year—will vie for top honors in Lahore March 28th. The two top winners will get 3,000-rupee prizes from Wheat Associates, U.S.A., and this year, for the first time, will also receive shields given by the Pakistan Flour Mills Association. Twelve other Wheat Associate prizes will also be awarded.

The Contest, which is designed to increase the popularity of sandwiches and hence the use of wheat products in Pakistan, is part of the market development program carried on in that country since 1959 by Wheat Associates and Foreign Agricultural Service.

Big Year for U.S. Soybean Promotion in Japan Ends in Record Sales of U.S. Soybeans in 1963

The American Soybean Association's market development program in Japan—which last year highlighted soybean oil for human consumption and soybean meal for livestock—is credited with an important part in 1963's record-breaking sales of U.S. soybeans to that country.

At $144 million, soybean sales had the highest value of any U.S. commodity sold to Japan last year. Exports of 1.3 million metric tons were 16 percent above the previous year's figure, and double that of 1957, when promotion in Japan got underway.

In 1963, the American Soybean Association—through its Japanese-American Soybean Institute (JASI)—cooperated with 14 Japanese industry and government groups to carry out a wide range of promotion activities. While biggest emphasis was on soybean oil and meal, soybean flour and soy protein in food manufacture also figured prominently.

Through seminars and consumer demonstrations of soybean oil, JASI in 1963 pushed closer to its 20-pound goal for per capita consumption of edible oils in Japan. Consumption—now at 13 pounds per capita (of which about a third is soybean oil)—has nearly doubled since 1956.

Important among seminar activities was a program held by JASI and the Japan Oilseed Association for nutritionists and kitchen managers of factories and institutions, which feed over 600,000 workers in 9 Japanese cities. Home extension workers also received instruction on the technical aspects of cooking with soybean products, and JASI presented 20 courses to train some 1,200 wholesale and retail sales clerks to merchandise soybean oil more effectively.

Demonstrations included "frying with soybean oil," presented to some 300 families of industrial employees and students of home economics. Consumption of soybean oil has nearly doubled in homes where these demonstrations have been regularly held.

In rural areas, kitchen cars demonstrated soy oil to 21,000 persons in remote villages seldom reached by other promotion devices. Another 30,000 rural consumers learned about the benefits of using soybean products in home cooking through demonstrations by teams of extension workers.

Other features of soybean oil promotion included a TV musical, "Oil Festival," sponsored by food wholesalers at no cost to the Japanese cooperators; and a slogan contest which resulted in the adoption, for national promotion purposes, the slogan, "Eat one more teaspoon of oil per day."

Soybean meal research

Promotion of soybean meal in mixed feeds—in big demand by Japan's growing livestock and poultry industries—was conducted mainly through research projects administered by JASI in cooperation with Japanese experiment stations.

Biggest development in 1963 was an 11-week testing program which demonstrated the superiority of processed meal over the untoasted type, which is widely used in Japanese broiler rations. (Poultry feed accounts for about 80 percent of meal production—hog and cattle feed, the remainder.) A result was the adoption by Japan's crushing industry of the processing techniques recommended by JASI.

Seminars for Japanese feed technicians, such as the U.S. Feed Grain Symposium at the Tokyo Trade Center last May, also played a part in establishing soybean meal as an essential ingredient in mixed feeds.

Soybean flour introduced

Soybean flour was used with wheat flour for the first time in 1963 in Japanese noodle manufacture, as a result of a JASI agreement with the All Japan Noodle Association. Soybean flour in noodles and bread also met first-time approval in several school lunch programs. The role of soybean flour in child nutrition was stressed in seminars for some 570 employees of nurseries and primary schools.

Promotion also focused on Japanese food products which use soybeans as the main ingredient, such as miso (soup paste), tofu (curd), frozen tofu and natto (fermented cooked soybeans), and shoyu (sauce). More than 20 percent of Japan's soybean utilization goes into these foods. In 1963 they were demonstrated to a total of 26,000 consumers by the Japanese industry groups making these products.

British Try — and Buy — U.S. Rice at Ideal Home Exhibition

The U.S. Rice Export Development Association is participating again this year in the Ideal Home Exhibition in London, March 2-30.

England's biggest annual exhibition, the show last year attracted almost a million and a half people—some of whom are shown below admiring raspberry rice hearts prepared at the rice booth—and provided numerous valuable trade contacts for U.S. rice.

This year, nine U.K. importers of U.S. rice are represented at the U.S. rice exhibit. Packaged rice is being sold to the general public, catering orders taken for 100-pound sacks, and inquiries passed along to the appropriate retailers and wholesalers.

Canadian Wheat Exports May Exceed Estimates If Shipment Rates Continue at Present Heights

The marketing year of 1963-64 will go down in Canada's wheat history as the year when four records tumbled: Production, total supplies, exports, and farmers' income from wheat sales. From a crop of 723 million bushels, plus stocks of 489 million, Canadian wheat and flour exports for 1963-64 could reach 575 million bushels, barring strikes or other unforeseen developments before July 31. This is well above the export target of 550 million.

Export shipments in the first 5 months of the marketing year—August through December 1963—have totaled 237.8 million bushels, and every month has set a new export record. In December 1963, exports were 47.2 million bushels against 22.7 million the year before and 23.0 million for the 10-year average 1950-59. For August through January, they are seen as close to 285 million bushels, compared with only 167 million for the same period a year ago.

It is understood that the Wheat Board has had opportunities during recent months to sell additional quantities for export. If the St. Lawrence Seaway opens early, by the first of April, the Board might then entertain requests for additional wheat sales to be exported before July 31. Opening of the Seaway is expected to step up the export movement sharply; current ocean vessel bookings for May and June indicate that exports those months will be at a very high level.

Principal destinations of wheat shipments in August-December 1963, with those of a year ago in parentheses, were as follows (in millions of bushels): Soviet Union, 91.6 (0); Britain, 35.3 (33.1); Japan, 21.3 (16.3); West Germany, 20.2 (17.8); Communist China, 13.3 (18.9); and Belgium-Luxembourg, 11.7 (4.2). Among the countries receiving Canadian wheat this season were several that took none at all in the same months a year ago: Albania, Czechoslovakia, Yugoslavia, and Cuba.

Canada's wheat carryover on July 31 this year will depend upon transportation capabilities and deliveries to ports between now and the end of the season. Assuming that exports do reach 575 million bushels, the carryover should be about the same as last year's—490 million bushels, or about the average for the past 10 years.

Exports of flour the past season were down by nearly 15 percent; but total wheat milled for flour during the 1963-64 season is forecast at nearly 110 million bushels against 78.8 million the year before, and exports may exceed domestic consumption for the first time in 11 years.

Visible stocks of wheat at the beginning of the current marketing year were 420 million bushels compared with 329 million at the beginning of 1962-63. These stocks declined steadily, however, during the first 4 months of the marketing year until they reached 341 million bushels at the end of November. With the closing of the St. Lawrence Seaway in mid-December, and with increased deliveries by farmers in response to urging by the Wheat Board and government officials in concern for the meeting of export commitments, visible wheat supplies again began to mount. On January 31, they had reached 365 million bushels. This, however, was the lowest mid-year figure for several years.

Visible stocks of durum on August 1, 1963, were 29 million bushels; this, plus the new crop of 53.4 million, gives a total supply of more than 82 million bushels for the current season. This exceeds the record volume of 70 million for the 1962-63 marketing season.

Durum exports for August-December totaled about 14 million bushels, compared with 12 million for the same period a year ago. Exports this season have been mainly to the Soviet Union and West Germany. The total for the current season is forecast at 25 million bushels.

—Fred J. Rossiter
U.S. Agricultural Attaché, Ottawa

Record Wheat Crop Just Harvested by Australia

Despite some excessive rainfall at planting and harvesting, Australia has harvested a record 1963-64 wheat crop, now estimated at 333.8 million bushels—about 27 million bushels more than last year's, also a record. If domestic sales continue at about 50 million bushels, the Wheat Board will have 260 million available for export.

Heavy advance sales to Communist China and the USSR have made complete disposal of this large crop virtually certain. Sales to February 1 amounted to 170.5 million bushels, leaving only about 90 million to be sold during the remainder of the marketing year. A substantial share of this will have to be reserved for traditional markets, and only limited quantities, if any, are likely to be available to the Communist Bloc.

Australia's wheat disposal this season may be limited more by handling capacity than by any lack of markets. While the entire exportable surplus is expected to have been sold by next November 30, it may not all have been shipped, though the shipping program for the first half of 1964 will certainly set a record.

A look backward at the large exportable surplus that resulted from last year's record crop reveals that, though shipments of wheat were maintained at a high level during the last half of 1963, substantial quantities of wheat remain to be shipped under contracts with the USSR and Communist China. Exports during the 6 months totaled 2.9 million long tons, compared with 1.3 million for the same period of 1962. Of this, Communist China accounted for nearly 1.2 million and the USSR for 244,000. The United Kingdom took 322,629 tons and Japan 232,115. Other destinations accounting for over 100,000 tons were India and New Zealand.

As of February 1, however, the Wheat Board had in storage about 103.5 million bushels of wheat which had been sold and was awaiting shipment—most of it destined for the two Communist countries. On the basis of a total Russian purchase of 64 million bushels (including 6 million as flour) and shipments up to December, about 49 million bushels apparently remain to be shipped to the USSR, and most of the rest of this wheat probably reflects the November sale of 41 million bushels to Communist China.

—William L. Rodman
U.S. Agricultural Attaché, Canberra

Japan To Abolish Foreign Exchange Budget System

The Japanese Cabinet will abolish the Foreign Exchange Budget System on April 1, 1964 (beginning of the Japanese fiscal year). This system, which since fiscal 1950 has provided the legal basis for controlling foreign exchange expenditures, has diminished in importance with the gradual liberalization of Japanese imports. About 190 commodities—less than 10 percent of total import value—have not been liberalized and will remain as restricted items. Among these are wheat, barley, tobacco, and citrus fruits.

West Germany Imports Much Less U.S. Poultry in 1963

In 1963—first calendar year throughout which the EEC Market Regulation for Poultry was in effect—West German imports of slaughtered poultry dropped 16 percent in value and 19 percent in volume from the 1962 level. More than accounting for this decline was the drastic 55-percent cut in the volume of imports from the United States—to 35,263 metric tons from 78,979. In value, these imports declined 44 percent, from $51.4 million to $22.5 million; and the U.S. share of the market fell from 37 percent to 20 percent.

At the same time, practically every other supplier increased its percentage share of the German market. Denmark—the only other leading exporter outside the EEC—maintained almost its 1962 level of exports to West Germany and increased its share of total German takings. The EEC countries shipped 10 percent more, mainly because of larger exports by Belgium and France.

For the United States, the largest decline was in shipments of broilers—which in past years represented the bulk of U.S. supplies. In 1963, U.S. broilers accounted for only 10.7 percent of total West German broiler imports and 32 percent of all U.S. poultry shipments. On the other hand, the United States had the overwhelming share of the market for chicken parts, other poultry parts, and whole turkeys.

Israel Finds It Difficult To Export Eggs

The value of Israel's poultry and egg exports, which declined from US$11 million in the year ending September 1962 to $6 million in 1962-63, is expected to decrease even further in 1963-64. Main reasons for this decline are the rise in the EEC's tariff on shell eggs—principal poultry item Israel ships to Europe—and the expanded egg production in importing countries, such as Italy and Western Germany. This has driven prices to Israeli egg exporters to new lows, making continued shipments to Europe completely uneconomical.

Because of this situation, Minister of Agriculture Dayan at a recent meeting of the Poultry and Egg Marketing Board said that Israel's exports of eggs to the Common Market involved large losses to both the government and producers and should be avoided as far as possible.

He also demanded that the Board prevent by all legal means possible the production of "grey" eggs—those not included in the framework of planning—to reduce the possibility of an oversupply of eggs for export. In turn, he requested that the Board act to expand the marketing of ready-to-cook poultry and to fix a uniform price for this product during all months of the year.

It was also suggested that the government subsidy to egg producers be cut and the market price on table eggs increased.

United Kingdom Imports More Butter, Less Cheese

Imports of butter into the United Kingdom in 1963 totaled 932 million pounds, up 2 percent from the preceding year. Larger supplies from New Zealand—354 million pounds compared with 350 million accounted for most of this increase. Larger quantities also came from France, Finland, Ireland, and Argentina. Also Canada, a nonsupplier in 1962, shipped more than 5 million pounds. Australia, however, sent somewhat less than in 1962—160 million pounds, and considerably smaller shipments were made also by other major suppliers, among then Denmark and Poland.

Cheese imports in this period, at 308 million pounds, were 1 percent below those in the comparable 1962 period Shipments from New Zealand were down about 7 percent to 166 million pounds. Australia sent 35 million pounds, 2 percent more than last year, and the Netherlands, 26 million—30 percent more. Denmark, Ireland, and Norway shipped slightly larger quantities than a year ago. There were no receipts from South African Republic, which in 1962 supplied 5 million pounds. Trade with most other countries showed only slight changes from the earlier year.

Italy's New Policy for Livestock Production

Last fall, legislation was proposed that would set aside about $48 million for improvement and development of the livestock industry. The amount would be spent over 3 fiscal years, retroactive to July 1963.

Livestock production in Italy is considered to be of utmost importance in the government's overall plan to maintain economic growth and stability. Heavy imports of livestock and livestock products have drained much needed foreign exchange and have been a major cause for the country's sudden and serious trade deficit.

Italy's rapid industrial expansion has only aggravated agriculture's problems. The livestock sector has borne much of the "industrial reverberation." Workers have been attracted away from the farms by higher paying city jobs, and those remaining are demanding higher wages. Production costs have risen relatively more than prices. Land reform programs—both old and new—have not given the livestock economy the necessary means for becoming more efficient and more economic in its operation.

During all this time demand for meat has risen steadily. Higher incomes are resulting in higher levels of living which include a larger intake of meat instead of the once carbohydrate over-balanced diet.

Continued expansion in the hog industry—even in the absence of an intensive government-assisted program—

seems to indicate that profit-motivated growth is being realized despite an apparent lack of growth in cattle and sheep output. The slow development of the cattle and sheep industry and the increasing imports attest to Italy's high livestock prices and high production costs.

U.S. Mohair Exports Rise in 1963

U.S. exports of mohair totaled 14.2 million pounds, clean content, in 1963, up 13 percent from 1962.

The United Kingdom continued to be the leading destination, taking 6.7 million pounds—nearly half of the total. Japan was the second best market, taking two and a half times as much as during the previous year. Of the major buyers, only the Netherlands took less, reducing purchases by almost one-fourth.

Although U.S. production figures are not yet available for all of 1963, it is probable that exports accounted for about 60 percent of the year's output.

U.S. EXPORTS OF MOHAIR, 1963, WITH COMPARISONS [1]

Country of destination	Average 1956-60	1962	1963	Increase or decrease in 1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United Kingdom	8,235	6,463	6,666	+203
Japan	463	968	2,537	+1,569
Netherlands	2,682	1,926	1,498	—428
Belgium	1,044	1,418	1,403	—15
Italy	243	1,003	1,278	+275
Switzerland	104	372	364	—8
Canada	202	79	99	+20
Germany, West	224	151	63	—88
Others	225	160	292	+132
Total	13,422	12,540	14,200	+1,660

[1] Clean content, calculated at 80 percent of greasy weight. Bureau of the Census.

New Zealand Ships Meat to the U.S.

Eight ships are scheduled to leave New Zealand during March with 19,712,000 pounds of meat for the United States—7,616,000 pounds to the West Coast and 12,096,000 pounds to the East Coast.

Ship	Sailing date	Destination	Quantity *Pounds*
Saracen	March 2	West Coast	2,688,000
Oriana	9	do.	112,000
Knight Templar	14	do.	2,240,000
Mariposa	17	do.	336,000
Cap Frio	21	do.	2,240,000
Port Alma	19	East Coast	6,720,000
City of Birkenhead	25	do.	448,000
Hororata	26	do.	4,928,000

Ecuador's 1964 Livestock Plans and Programs

This year, Ecuador's Ministry of Development plans to invest not less than $1 million for improvement programs in animal nutrition, artificial insemination, upgrading of native cattle, cattle breeding centers, and the development of hog, sheep, and poultry production. A tax on livestock will help to finance some of these activities.

The Ministry will also intensify its program of animal health this year, with the animal health laboratory producing 250,000 doses of vaccine for foot-and-mouth disease.

Preliminary studies and plans for building five modern slaughterhouses with refrigerated storage are undergoing intensive study. The cities of Quito, Guayaquil, Tulcan, and, to a lesser degree, Loja and Cuenca are urging the National Government to accelerate the programing of these essential facilities.

Japan, a Growing Market for U.S. Meat

The growing consumption of protein foods in Japan is creating unusually strong demand for red meat. U.S. meat exports to Japan climbed from 800,000 pounds in 1961 to 17.4 million pounds in 1963. Most of the increase was in pork shipments. However, exports of beef and veal, variety meats, and canned baby food are also increasing.

The Japanese are also buying pork from Taiwan and South Korea, horsemeat from Argentina, and large quantities of lamb and mutton from New Zealand.

During 1963, there was an acute shortage of pork throughout Japan, and wholesale prices reached 60 cents a pound in December. Pork prices declined in January, however, and should go even lower during the year because of increases in domestic production and in lamb and mutton consumption.

MEAT: U.S. EXPORTS TO JAPAN, 1961-63

Item	1961	1962	1963
	1,000 lb.	*1,000 lb.*	*1,000 lb.*
Beef and veal:			
Fresh or frozen	8.3	2.8	9.6
Canned	28.8	30.6	61.0
Total beef & veal	37.1	33.4	70.6
Variety meats:			
Beef and pork livers, fresh or frozen	——	——	1,443.6
Beef tongues, fresh or frozen	10.2	22.4	56.4
Edible offal, fresh or frozen	14.5	——	106.6
Total variety meats	24.7	22.4	1,606.6
Baby food, canned	13.2	4.1	20.0
Pork:			
Fresh or frozen	659.6	——	15,659.8
Hams & shoulders (cured or cooked)	——	——	2.5
Hams & shoulders (canned)	1.0	1.5	1.0
Bacon	20.4	21.4	15.8
Pork, canned, n.e.c.	21.8	9.4	10.3
Meat and meat products (canned)	11.0	20.5	7.9
Sausage, prepared meat, bologna, frankfurters (canned)	9.6	2.5	8.3
Total pork	723.4	55.3	15,705.6
Total meat	799.7	115.2	17,402.8

Belgium Looks to U.S. for Meat Products

A shortage of hogs in Belgium and the resulting high domestic pork prices has impelled Belgian firms to import pork from the United States. Already several firms have concluded large contracts in this country for frozen pork sides.

Last year's severe winter caused serious losses in Belgium's hog numbers. Much of the loss was in young pigs which would have reached slaughter age this winter; as a result, the number of hogs now offered on the Belgian market covers only 65 to 70 percent of Belgium's domestic requirements.

This shortage, brought prices to peak levels in 1963, and in December, Belgium decided to put a ban on all hog exports and to subsidize imports—a decision favorably accepted by the EEC. This policy was maintained through January and was extended until February 15. Though it

apparently succeeded in checking a further increase in pork prices, it did not bring about any significant price reductions. As a result, the Ministry of Economic Affairs took additional steps, imposing on February 4 a reduction in the retail prices for pork.

This situation has greatly increased the demand for pork imports. Since South American pork production is also low and the limited quantities now available are offered at exceedingly high prices, the trade feels that takings of U.S. frozen and cured pork are bound to rise considerably during the coming months.

Australian Meat Moves to the U.S.

Four ships left Australia during the first and second weeks of February with 16,752,960 pounds of beef, 1,776,320 pounds of mutton, 73,920 pounds of lamb, and 17,920 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports:			*Pounds*
Gudrun Bakke -- Feb. 2	Seattle	Mar. 22	Beef	192,640
	Tacoma	23	Beef	114,240
	Portland	25	Beef	351,680
	Los Angeles	Apr. 4	Beef	425,600
			Mutton	44,800
	San Francisco	6	Beef	358,400
			Mutton	56,000
	Eastern and Gulf ports:			
Pioneer Isle ----- Feb. 11	Houston	Mar. 13	Beef	185,920
			Mutton	33,600
	Charleston	18	Mutton	33,600
	New York	24	Beef	174,720
	Baltimore	28	Beef	201,600
Rockhampton Star ---------- Feb. 12	Charleston	7	Beef	537,600
	Norfolk	10	Beef	828,800
	Philadelphia	12	Beef	770,560
			Mutton	123,200
			Lamb	73,920
	New York	15	Beef	4,791,360
			Mutton	459,200
			Var. meats	17,920
	Boston	19	Beef	492,800
			Mutton	69,440
Lake Eyre ------ Feb. 14	Norfolk	([2])	Beef	35,840
	New Orleans	12	Beef	2,007,040
			Mutton	212,800
	Tampa	15	Beef	1,173,760
			Mutton	459,200
	Philadelphia	20	Beef	434,560
			Mutton	33,600
	New York	22	Beef	3,176,320
			Mutton	138,880
	Boston	24	Beef	499,520
			Mutton	112,000

[1] Cities listed indicate location of purchaser and usually the port of arrival, but meat may be diverted to other areas for sale.
[2] To be transshipped.

Israel's Livestock To Undergo Immunization

This year all of Israel's cattle, sheep, and goats are being given immunization shots against foot-and-mouth disease. The immunization campaign, which has already begun, will affect 200,000 head of cattle and about 250,000 sheep and goats.

This is the first year for this type of preventive campaign. In the past, immunization was started only after an outbreak had been reported and laboratory tests had determined the virus type. To save costs, immunization was limited to cattle in settlements surrounding the focal point of the outbreak. In 1963, during which fifteen outbreaks of type "O" and two of type "ASIA I" occurred, 175,000 head of cattle and about 70,000 sheep were immunized with type "O" vaccine and about 10,000 with "ASIA I" vaccine.

The new procedure was decided upon by a committee of experts who recommended that all livestock receive preventive shots against the most common types of the disease in the country. Foot-and-mouth disease outbreaks are usually caused by infected animals originating in bordering countries where control measures are inadequate.

Burma's 1964 Tobacco Harvest Up a Little

Burma expects a slightly larger 1964 tobacco harvest as the result of a small increase in planted acreage. Production of all kinds of tobacco is forecast at 96.3 million pounds from an estimated 93,000 acres, compared with the 1963 harvest of 89.6 million. The increase in plantings is due to the agricultural expansion program sponsored by the government in the dry zone area.

The 1964 harvest of flue-cured tobacco is unofficially estimated at 2.9 million pounds from 7,000 acres, compared with the estimated 2.2 million from 6,000 acres last season. Official production estimates for the last few seasons are reportedly somewhat unreliable, owing to constant upward and downward revisions.

Japan Buys More Indian Tobacco

India's exports of unmanufactured tobacco to Japan during January-October 1963 totaled 3.4 million pounds—more than 3 times above the full calendar year figures for 1961 and 1962 of 1.04 million and 1.01 million, respectively.

Exports to Japan during these 10 months of 1963 consisted entirely of flue-cured tobacco, valued at the equivalent of 20.6 U.S. cents per pound. Flue-cured shipments during calendar 1962 amounted to only 23,000 pounds at an average price of 21.5 cents per pound. Virginia sun-cured grown from flue-cured seed, together with native sun-cured, represented most of India's leaf tobacco exports to Japan during 1962.

Brazil's Leaf Tobacco Exports Down

Brazil's exports of leaf tobacco during the first 9 months of 1963 totaled 46.9 million pounds—down 20 percent from the 58.6 million shipped abroad during the same period in 1962. Smaller exports to Spain, West Germany, the Netherlands, Switzerland, Uruguay, Denmark, and Algeria more than offset stepped-up takings by Belgium, France, the United States, the USSR, East Germany, and Hungary.

Exports to Spain dropped from 15.6 million pounds in January-September 1962 to 1.3 million during the first 9 months of 1963. Other countries taking less Brazilian leaf, with comparisons for January-September 1962 in parentheses, included West Germany, 15.1 million pounds (16.5 million); the Netherlands, 6.7 million (8.8 million); Switzerland, 1.5 million (1.8 million); Uruguay, 1.3 million (1.5 million); Denmark, 400,000 (1.9 million); and Algeria, 600,000 (1.2 million).

Countries stepping up their takings of Brazilian tobaccos, with comparisons for the first 9 months of 1962 in paren-

theses, included the United States, 3.2 million pounds (1.0 million); France, 3.3 million (1.7 million); Belgium, 1.9 million (1.5 million); the USSR, 8.8 million (4.8 million); East Germany, 300,000 (100,000); and Hungary, 600,000 (none).

Average export prices paid per pound for Brazilian leaf tobacco shipped to major destinations during the first 9 months of 1963 in terms of U.S. equivalents, with comparisons for 1962 in parentheses, were the United States, 42.9 cents (35.9 cents); Spain, 23.3 (28.5), the Netherlands, 21.8 (22.7); West Germany, 21.8 (22.4); France, 19.4 (18.5); Belgium, 21.9 (23.0); Switzerland, 23.8 (24.7); and the USSR, 21.1 (22.2). The average export price of all leaf export shipments during January-September 1963 was equivalent to 23.4 U.S. cents per pound, compared with 24.6 for the same period in 1962.

Nigerian Peanut Exports Up; Oil and Cake Down

Nigerian exports of peanuts (shelled basis) during January-July 1963 totaled 355,328 long tons, almost 10 percent above those in the same period of 1962. While the United Kingdom took the largest quantity, the major gain from a year earlier was in shipments to France.

NIGERIA: PEANUT, PEANUT OIL, AND PEANUT CAKE EXPORTS, ANNUAL 1962, JAN.-JULY 1962 AND 1963

Commodity and country	Jan.-Dec. 1962	Jan.-July 1962	Jan.-July 1963
	1,000 long tons	*1,000 long tons*	*1,000 long tons*
Peanuts (shelled basis):			
Belgium	31.7	23.5	25.0
France	76.5	9.5	49.9
Germany, West	65.4	61.1	19.1
Italy	69.1	45.5	51.8
Netherlands	51.7	39.5	24.0
Switzerland	15.4	6.0	21.9
Spain	16.4	2.2	7.1
United Kingdom	152.4	95.0	98.6
Morocco	19.9	19.9	4.0
Others	31.1	24.1	53.9
Total	529.6	326.3	355.3
Peanut oil:			
Canada	5.0	1.3	1.5
Netherlands	4.6	3.8	.7
Spain	5.1	1.0	9.0
United Kingdom	38.1	25.3	21.7
Others	10.1	7.4	3.0
Total	62.9	38.8	35.9
Peanut cake:			
Denmark	4.5	3.5	——
Norway	10.2	9.2	12.6
United Kingdom	70.4	44.7	29.5
Others	2.9	1.7	1.0
Total	88.0	59.1	43.1

Nigeria Trade Summary.

Peanut oil exports, at 35,880 tons, were 7 percent less than in the first 7 months of 1962. Though almost two-thirds of these went to the United Kingdom, shipments to Spain were 9,004 tons against only 950 in the comparable period of the previous year.

Exports of peanut cake at 43,141 tons were one-fourth less than in the previous year. Two-thirds of the total went to the United Kingdom.

Peanut purchases by the Nigerian Marketing Boards as of January 30 totaled 724,457 tons compared with 795,995 in the same period last year. Indications are that with more licensed buying agents operating this year, the quantity of peanuts remaining to be purchased is somewhat less than at the same time last year. The 1963-64 crop, estimates of which have varied widely, is tentatively placed at 10 to 15 percent below the record 871,516 tons purchased from the 1962-63 crop.

This year, the Northern Nigeria Produce Marketing Board paid producers the same amount for shelled peanuts as it did last year. The basic price ex-scale port of shipment is £N40.5.0 per ton (5.03 U.S. cents per pound). Deduction of the 30-shilling sales tax leaves a net price of £N38.15.0 (4.85 U.S. cents). The actual price paid farmers at licensed buying stations depends on the cost of transportation from the buying station to the port. Assuming the same cost as last year—of £N8.8.3—the Kano price to the farmer would be £N30.6.9 (3.79 U.S. cents).

Malaya Exports More Copra and Coconut Oil

Net exports of copra and coconut oil from the Malay States and Singapore during January-October 1963 totaled 21,645 long tons, oil basis, compared with 11,902 in the same period of 1962.

Indonesia's suspension of copra exports to Malaysia in late September 1963 was reflected in the October import figure of only 680 tons. Imports of copra in September 1963 totaled 5,657 tons, and those in October 1962, 6,667.

The Singapore State Government continues to restrict the exports of coconut products outside the Malaysian area. On December 17, 1963, the State Government introduced new export restrictions for coconut oil to replace export quotas (*Foreign Agriculture*, Jan. 20, 1964).

South Africa's Oilseed Output Increases

South Africa's 1963-64 peanut crop, now being harvested (March-May), is forecast at 200,000 short tons or slightly above the final estimate for 1962-63. This gain is expected to result from a moderate increase in yields, despite some reduction in plantings.

Marketing of the Republic's peanut crop begins in July with significant quantities moving into foreign markets, largely as oil. Exports of peanuts and peanut oil in 1962-63—68,400 tons on a shelled kernel basis—accounted for about one-half of the 1961-62 crop, compared with exports of 128,000 tons in 1961-62, which represented about two-thirds of the 193,100 tons produced the year before.

Movements to West European countries have accounted for the major portion of the Republic's exports of peanuts. In 1962-63, however, shipments to Europe declined, while those to Japan increased. Further increases in exports of peanuts to Japan and also of peanut oil to Hong Kong are expected.

The Republic's sunflowerseed production for the 1963-64 crop year is forecast at 116,100 tons, or 9 percent above the revised 1962-63 estimate of 106,100. Most of the increase reflects an expansion of sown area. The crop is harvested largely in April.

Exports of sunflowerseed comprise a relatively small portion of the total outturn; most of the crop is consumed domestically. In the 1962-63 marketing year, Japan replaced Europe as the major destination of these exports. Exports of sunflower oilcake in 1962-63 totaled 5,534 tons; however, in view of frequent droughts the Oilseed Control Board has recommended that in the future these exports be more strictly controlled than in the past.

SOUTH AFRICA: PEANUT AND SUNFLOWERSEED AREA, YIELDS, PRODUCTION, AND EXPORTS, 1959-63

Crop year beginning May 1	Planted area	Yields[1]	Production[2]	Exports[3]
	1,000	*Pounds*	*1,000*	*1,000*
Peanuts, shelled basis:	*acres*	*per acre*	*short tons*	*short tons*
1959	654.0	465	151.9	90.0
1960	755.6	511	193.1	96.4
1961	683.6	399	136.3	128.0
1962	895.2	440	197.0	68.4
1963	852.9	469	[4]200.0	
Sunflowerseed:				
1959	425.4	470	100.0	6.0
1960	472.0	524	123.7	6.9
1961	444.4	488	108.4	13.9
1962	433.9	489	106.1	5.9
1963	465.6	499	[4]116.1	

[1] Calculated from the data here presented. [2] Includes estimates of annual "farm retentions"—5,000 tons for peanuts and 1,100 for sunflowerseed. [3] Includes seed equivalent of oil exports for marketing years July 1-June 31 which correspond to seed produced in the previous crop year. [4] Forecast.

Republic of South Africa, Oilseed Control Board and Department of Agricultural Economic Research.

Swedish Winter Rapeseed Acreage Up in 1963

The area sown to rapeseed in Sweden in the fall of 1963 is estimated at 201,900 acres, up more than one-fifth from the 165,800 acres sown in the fall of 1962. This is the main rapeseed crop in Sweden. In 1956-60, it accounted for an average of 86 percent of the total annual outturn.

Last fall, seedings were delayed by rainy weather, but growing conditions in the late fall were favorable.

Pakistan Exports More Cotton

Exports of cotton from Pakistan during the first 6 months (August-January) of the current season amounted to 315,000 bales (480 lb. net). This is 21 percent more than the 260,000 bales shipped in the same period of 1962-63; 83 percent above average exports of 172,000 bales in August-January of the past 5 seasons; and the largest total for this period since 1955. Communist China, which did not enter the Pakistan market until December of this season, has been the predominant buyer.

Quantities shipped to principal destinations from August 1963 through January 1964, with comparable 1962-63 figures in parentheses, were Communist China 157,000 bales (19,000 bales), Hong Kong 66,000 (53,000), Japan 33,000 (101,000), United Kingdom 26,000 (9,000), Yugoslavia 12,000 (0), France 8,000 (8,000), and Belgium 5,000 (1,000).

C.i.f. Liverpool quotations for Punjab 289F (Middling 1 inch) averaged 28.97 U.S. cents per pound in February, compared with 29.51 in January and 29.29 last December. Beginning stocks were smaller this season, amounting to an estimated 200,000 bales on August 1, 1963, compared with 360,000 a year earlier.

The 1963-64 cotton crop in Pakistan is now estimated at 1,700,000 bales from 3,500,000 acres, compared with 1,690,000 bales from 3,435,000 acres in the previous season. Problems of salinity and waterlogging of irrigated soils are extensive in Pakistan. Deep wells are reportedly being sunk and the water table is being lowered by pumping water into canals and subsequently into fields to flush out the salts.

Consumption this season now appears likely to equal the 1,175,000 bales used in 1962-63.

South Africa Supplies Sugar to Canada, Japan

The Republic of South Africa and Canada recently negotiated a long-term agreement for the sale of 56,000 short tons of South African sugar to Canada annually on the London daily price basis. Actual sales for the 1964-65 season (July-June) already amount to 100,000 tons.

The Republic will also supply Japan with 336,000 tons of sugar from July 1964 to July 1965 at prices based on existing world prices. South African production now amounts to about 1.4 million tons, of which about half is consumed domestically.

France Had Small Rice Crop in 1963

French rice production in 1963 was the smallest in 3 years. A preliminary estimate of the September-November harvest is 120,000 metric tons of rough rice compared with 130,000 in 1962 and with the average of 124,700 in 1957-61.

Rice acreage declined to 73,000 acres from 77,000 in 1962 and 76,000 in the average period. The record acreage was 82,000 acres in 1961.

At the outset of the 1963 season, conditions appeared favorable for good growth. By harvest time, however, crops were poor in Aude and Herault provinces, and in Bouche-du-Rhone—which produces approximately 70 percent of the French rice crop—production was 10 percent below normal output.

1964 Brazil Nut Forecast Revised

A still tentative estimate places Brazil's 1964 brazil nut crop at just under 35,000 short tons—some 3,000 tons below the earlier estimate. A breakdown by producing regions follows: Tocantins 15,000, Jary/Maraca 1,900, lower Amazon 2,100, Para Islands 700, Acre 3,000, Amazonas 12,000.

Earlier reports of heavy rains, which would have facilitated transportation, are viewed with some doubt by trade sources. It is believed that these rains were not properly distributed to benefit river navigation in those areas of the upper Amazon where they were most needed. Excessive rains on the lower Amazon and the Tocantins would actually reduce the harvest there. Because of this, there is a possibility that the harvest may still be overestimated at 35,000 tons.

Australian Hops Crop Reduced

Hops yards in Tasmania, which normally produce over three-quarters of the entire Australian crop, have been severely damaged by a combination of late frost, strong winds, and extended drought. Present indications are that the harvest, which takes places in February and March, will be 50 percent smaller than the 1962-63 crop. Accordingly, total Australian hops production this season is expected to be under 2.8 million pounds compared with 3.8 million pounds a year ago.

Small import requirements in the past were filled by hops from New Zealand, the United Kingdom, Belgium, and Yugoslavia. This trade pattern is expected to continue, but there may be some opportunity for sales of competitively priced United States hops this year.

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Stalemate in Soviet Agriculture

(Continued from page 3)

products, increased inputs of fertilizer, machinery, and capital, and a number of administrative and organizational changes—appeared to bear fruit, especially when accompanied, as they were, by favorable weather. During these years farm production grew faster than ever before. On the basis of this progress, the Soviet Government planned for similar progress during the current Seven Year Plan (1959-65), and looked forward to a high level of agricultural production by 1970. Thus, plentiful supplies of food and raw materials would be assured, as well as substantial surpluses for exports and stocks.

Portents for the future

Yet now, more than a decade after Stalin's death, Soviet agriculture presents a picture reminiscent of the Stalin era. Four less-than-favorable harvests and one major crop failure have placed the Soviet Union and its leaders in a serious situation. Further increases in population and in demand for agricultural products for industry and exports have burdened agriculture even more heavily than in Stalin's days. The very expensive programs now being discussed for solving the agricultural problem indicate that 1963 brought home to the Soviet leadership the dangerously precarious nature of agricultural production in their country. They also indicate that even the efforts of the past decade could not overcome the basic handicaps of Soviet agriculture: Extensive rather than intensive farming, an inadequate livestock feed base, poor farming practices, unwieldy farm size, poor management and organization, insufficient fertilizer and machiney, low incentives—and the ever present specter of unfavorable weather.

How the USSR can solve these problems within its existing institutional framework and with its present resources—natural, industrial, and financial—is a question being debated the world over, most urgently of course within the Kremlin's walls. An answer to this question is even more important today for Soviet industrial growth, economic stability, and the well-being of the average Russian than it was in 1953.

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